

## § 3141.6-2

### § 3141.6-2 Publication of a notice of competitive lease offering.

(a) *Combined Hydrocarbon Leases.* Where a determination to offer lands for competitive leasing is made, a notice shall be published of the lease sale in the FEDERAL REGISTER and a newspaper of general circulation in the area in which the lands to be leased are located. The publication shall appear once in the FEDERAL REGISTER and at least once a week for 3 consecutive weeks in a newspaper, or for other such periods deemed necessary. The notice shall specify the time and place of sale; the manner in which the bids may be submitted; the description of the lands; the terms and conditions of the lease, including the royalty and rental rates; the amount of the minimum bid; and shall state that the terms and conditions of the leases are available for inspection and designate the proper BLM office where bid forms may be obtained.

(b) *Tar Sand Leases or Oil and Gas Leases.* At least 45 days prior to conducting a competitive auction, lands to be offered for a competitive lease sale shall be posted in the proper BLM office having jurisdiction over the lands as specified in § 1821.10 of this chapter, and shall be made available for posting to surface managing agencies having jurisdiction over any of the included lands.

[70 FR 58616, Oct. 7, 2005, as amended at 71 FR 28779, May 18, 2006]

### § 3141.6-3 Conduct of sales.

(a) *Combined Hydrocarbon Leases.* (1) Competitive sales shall be conducted by the submission of written sealed bids.

(2) Minimum bids shall be not less than \$25 per acre.

(3) In the event that only 1 sealed bid is received and it is equal to or greater than the minimum bid, that bid shall be considered the highest bid.

(4) The authorized officer may reject any or all bids.

(5) The authorized officer may waive minor deficiencies in the bids or the lease sale advertisement.

(6) A bid deposit of one-fifth of the amount of the sealed bid shall be required and shall accompany the sealed

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bid. All bid deposits shall be in the form of either a certified check, money order, bank cashier's check or cash.

(b) *Oil and Gas Leases.* Lease sales for oil and gas leases will be conducted using the procedures for oil and gas leases in § 3120.5 of this title.

(c) *Tar Sand Leases.* (1) Parcels shall be offered by oral bidding.

(2) The winning bid shall be the highest oral bid by a qualified bidder, equal to or exceeding \$2.00 per acre.

(3) Payments shall be made as provided in § 3120.5-2 of this title.

[48 FR 7422, Feb. 18, 1983, as amended at 70 FR 58616, Oct. 7, 2005]

### § 3141.6-4 Qualifications.

Each bidder shall submit with the bid a statement over the bidder's signature with respect to compliance with subpart 3102 of this title.

### § 3141.6-5 Fair market value for combined hydrocarbon leases.

Only those bids which reflect the fair market value of the tract(s) as determined by the authorized officer shall be accepted; all other bids shall be rejected.

### § 3141.6-6 Rejection of bid.

If the high bid is rejected for failure by the successful bidder to execute the lease forms and pay the balance of the bonus bid, or otherwise to comply with the regulations of this subpart, the one-fifth bonus accompanying the bid shall be forfeited.

### § 3141.6-7 Consideration of next highest bid.

The Department reserves the right to accept the next highest bid if the highest bid is rejected. In no event shall an offer be made to the next highest bidder if the difference between his/her bid and that of the rejected successful bidder is greater than the one-fifth bonus forfeited by the rejected successful bidder.

[55 FR 12351, Apr. 3, 1990]

### § 3141.7 Award of lease.

After determining the highest responsible qualified bidder, the authorized officer shall send 3 copies of the

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lease on a form approved by the Director, and any necessary stipulations, to the successful bidder. The successful bidder shall, not later than the 30th day after receipt of the lease, execute the lease, pay the balance of the bid and the first year's rental, and file a bond as required in subpart 3104 of this title. Failure to comply with this section shall result in rejection of the lease.

### Subpart 3142—Paying Quantities/ Diligent Development for Combined Hydrocarbon Leases

SOURCE: 51 FR 7276, Mar. 3, 1986, unless otherwise noted.

#### § 3142.0-1 Purpose.

This subpart provides definitions and procedures for meeting the production in paying quantities and the diligent development requirements for tar sand in all combined hydrocarbon leases.

#### § 3142.0-3 Authority.

These regulations are issued under the authority of the Mineral Leasing Act of 1920, as amended and supplemented (30 U.S.C. 181 *et seq.*), the Mineral Leasing Act for Acquired Lands (30 U.S.C. 351-359), the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1701 *et seq.*) and the Combined Hydrocarbon Leasing Act of 1981 (95 Stat. 1070).

#### § 3142.0-5 Definitions.

As used in part 3140 of this title, the term *production in paying quantities* means:

- (a) Production, in compliance with an approved plan of operations and by nonconventional methods, of oil and gas which can be marketed; or
- (b) Production of oil or gas by conventional methods as the term is currently used in part 3160 of this title.

[51 FR 7276, Mar. 3, 1986, as amended at 70 FR 58616, Oct. 7, 2005]

#### § 3142.1 Diligent development.

A lessee shall have met his/her diligent development obligation if:

(a) The lessee is conducting activity on the lease in accordance with an approved plan of operations; and

(b) The lessee files with the authorized officer, not later than the end of the eighth lease year, a supplement to the approved plan of operations which shall include the estimated recoverable tar sand reserves and a detailed development plan for the next stage of operations;

(c) The lessee has achieved production in paying quantities, as that term is defined in § 3142.0-5(a) of this title, by the end of the primary term; and

(d) The lessee annually produces the minimum amount of tar sand established by the authorized officer under the lease in the minimum production schedule which shall be made part of the plan of operations or pays annually advance royalty in lieu of this minimum production.

#### § 3142.2 Minimum production levels.

##### § 3142.2-1 Minimum production schedule.

Upon receipt of the supplement to the plan of operations described in § 3142.1(b) of this title, the authorized officer shall examine the information furnished by the lessee and determine if the estimate of the recoverable tar sand reserves is adequate and reasonable. In making this determination, the authorized officer may request, and the lessee shall furnish, any information that is the basis of the lessee's estimate of the recoverable tar sand reserves. As part of the authorized officer's determination that the estimate of the recoverable tar sand reserves is adequate and reasonable, he/she may consider, but is not limited to, the following: or grade, strip ratio, vertical and horizal continuity, extract process recoverability, and proven or unproven status of extraction technology, terrain, environmental mitigation factors, marketability of products and capital operations costs. The authorized officer shall then establish as soon as possible, but prior to the beginning of the eleventh year, based upon the estimate of the recoverable tar sand reserves, a minimum annual tar sand production schedule for the lease or unit operations which shall start in the